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C O N F I D E N T I A L STATE 123899

FOR ROBERT ROSENSTOCK US LEGAL DIVISION ONLY

FOLLOWING SENT ACTION TO SECSTATE INFO GUATEMALA MANAGUA PANAMA
SAN SALVADOR TEGUCIGALPA MAY 18, 1976 FROM SAN JOSE

QUOTE C O N V I D E N T I A L SAN JOSE 2462

E.O. 11652: GDS

TAGS: PFOR, PGOV, CS

SUBJECT: FIGUERES/VESCO ENTERPRISES TO BE SEPARATED

1. BEGIN SUMMARY: EX-PRESIDENT FIGUERES ANNOUNCES THAT HIS
AND VESCO'S BUSINESS INTERESTS ARE IN PROCESS OF BEING
SEPARATED BECAUSE VESCO IS "POLITICAL TARGET" IN U.S. AND
FIGUERES IS ACTIVE IN COSTA RICAN POLITICS. FIGUERES SAYS
THAT NO VESCO COMPANY CONTROLS OR DIRECTS EDITORIAL ACTIVITIES
OF ANY MEDIA -- AND ANNOUNCES THAT VESCO GROUP IS DIVESTING
ITSELF OF BUSINESS THAT MAY NOT BE CONSIDERED IN COSTA RICA'S
BEST INTEREST. FIGUERES' ATTEMPT TO DEFLATE THE VESCO-FIGUERES
ISSUE WILL CONTINUE TO CAUSE HIM POLITICAL PROBLEMS. END SUMMARY.

2. EX-PRESIDENT JOSE FIGUERES HAS REVEALED PUBLICLY
THAT BUSINESS ENTERPRISES FOUNDED BY HIM ARE IN THE
PROCESS OF BEING SEPARATED FROM THE INTERESTS OF U.S.

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FUGITIVE FINANCIER ROBERT L VESCO. FIGUERES'

ANNOUNCEMENT, MADE THE PREVIOUS DAY TO FUNCTIONARIES OF THE BANK OF COSTA RICA WHO VISITED FIGUERES AT HIS LA LUCHA AGRO-INDUSTRIAL ENTERPRISE OUTSIDE OF SAN JOSE, WAS FRONT-PAGED EXCLUSIVELY IN FIGUERES-CONTROLLED EXCELSIOR ON MAY 14.

3. FIGUERES IS QUOTED THAT DECISION TO SEPARATE HIS AND VESCO'S INTERESTS REACHED BY COMMON AGREEMENT, IS DUE TO TWO SPECIAL CIRCUMSTANCES: "MR. VESCO HAS BEEN CONVERTED INTO A POLITICAL TARGET IN THE UNITED STATES, AND I PARTICIPATE IN COSTA RICAN POLITICS." FIGUERES STATED THAT "LAWYERS AND ACCOUNTANTS HAVE BEEN STUDYING FOR SEVERAL WEEKS HOW TO SEPARATE THE ACTIVITIES WITH THE LEAST POSSIBLE DAMAGE AND WITHOUT ANY DOUBT THAT THE SEPARATION IS A TRUE ONE."

4. FIGUERES CONTINUED: "IN VIEW OF THE BAD FAITH WITH WHICH BOTH (FIGUERES AND VESCO) ARE BEING PREJUDICED, I REITERATE THAT HE (VESCO) HAS ALWAYS MAINTAINED HIMSELF AND DESIRES TO CONTINUE ON THE MARGIN OF ALL PUBLIC ACTIVITY THAT ALSO MAKES HIM A POLITICAL TARGET IN COSTA RICA. HE LIVES HERE WITH HIS FAMILY, HAS A COSTA RICAN CHILD, AND WANTS TO RETIRE TO HIS FAMILY FARM TO WORK AND PRODUCE. HE AND HIS FRIENDS WILL CONTINUE LIVING IN COSTA RICA WITHIN OUR LAWS... THEY HAVE MY SUPPORT AND THAT OF MANY CITIZENS WHO ARE NOT TAKEN IN BY THE PROPAGANDA OF THOSE WHO ARE NOT INTERESTED IN AWAITING THE RESOLUTIONS OF THE U.S. JUDICIAL SYSTEM."

5. RE VESCO'S PROBLEMS IN THE U.S., FIGUERES STATED: "AFTER WATERGATE, THE EXHIBITION OF BRIBERY SCANDALS, AND THE ACCUSATIONS, NOT ALL OF THEM FAIR, AGAINST U.S. INTELLIGENCE ENTITIES, I AM CONFIRMED IN THE BELIF THAT THERE ARE SPECIAL MOTIVES IN THE CASE OF MR. VESCO." HE CONTINUED: "AT ANY RATE HIS AFFAIRS ARE PENDING WITHIN THE U.S. JUCICIAL SYSTEM, FOR WHICH I HAVE THE GREATEST RESPECT."

6. FIGUERES CALLED ON COSTA RICANS "WHO ARE MAKING THE CONFIDENTIAL

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HISTORIC ERROR OF COMBATING ME POLITICALLY" TO REFRAIN "FROM: INVOLVING VESCO IN NATIONAL AFFAIRS' AS LONG AS HE STAYS, AS HE HAS, ON THE MARGIN OF EVERYTHING." FIGUERES ASKED HIS FELLOW CITIZENS TO LEAVE THINGS TO JUDICIAL PROCESSES AND DECISIONS.

7. FIGUERES' DENIED THAT VESCO IS OWNER (DUENO) OF VARIOUS PUBLICITY ORGANS (AS CHARGED BY LA NACION).

FIGUERES IS QUOTED: "I AM ABLE TO AFFIRM THAT NEITHER HE NOR ANY COMPANY OF WHICH HE FORMS PART CONTROLS OR DIRECTS THE EDITORIAL ACTIVITIES OR IN ANY WAY ANY OF THESE ORGANS."

8. FIGUERES REMARKS CONCLUDED WITH ANOTHER BOMBSHELL; "I AM AUTHORIZED TO ANNOUNCE THAT ANY INVESTMENTS OR BEARER SHARES THAT THE SO-CALLED VESCO GROUP MAY HAVE IN ANY ENTERPRISE THAT MAY NOT BE CONSIDERED TO BE IN THE BEST INTERESTS OF COSTA RICA ARE FOR SALE AT COST TO THOSE INTERESTED IN BUYING THEM; TO SAVE THE COUNTRY FROM THEIR (THE VESCO GROUP'S) INFLUENCE."

9. COMMENT: FIGUERES REMARKS ABOUT VESCO BEING A "POLITICAL TARGET" AND THE "SPECIAL MOTIVES" HE SEES BEHIND THE U.S. INTEREST IN THE VESCO CASE ARE THE PURE VESCO LINE, FIGUERES HAS LONG HELD THIS VIEW, BUT SELDOM HAS HE STATED IT. WE ARE NOT RPT NOT SURPRISED THAT HE SAID IT, BUT THE TIMING POINTS-- AS DO OTHER BITS OF EVIDENCE -- TO VESCO NERVOUSNESS THAT THE U.S. IS ONCE AGAIN PREPARING TO MOVE TO EXTRADITE, AS WELL AS TO FIGUERES' OWN POLITICAL SENSITIVITY.

10. FIGUERES' PUBLIC MOVE IS TYPICAL OF THE WAY THIS MASTER POLITICIAN HAS OPERATED IN COSTA RICA OVER THE YEARS. WITH THE ANNOUNCEMENT THAT HE AND VESCO ARE SEPARATING THE IR FINANCIAL INTEREST (WHICH NO ONE REALLY BELIEVES), FIGUERES IS CALCULATING THAT HE WILL BOTH DEFLATE THE ISSUE, AND DISARM THE OPPOSITION, THE TACTIC IS REMINISCENT OF FIGUERES' PUBLIC ADMISSION IN 1973 THAT HE QUOTE VESCO'S TELEVISION ADDRESS IN WHICH THE FINANCIER DEFENDED HIS PRESENCE AND ACTIVITIES IN COSTA RICA, THE MOST RECENT FIGUERES MOVE COULD BE JUST THE TOUCH OF FIGUERES POPULAR MACHISMO THAT

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TURNES THE VESCO ISSUE OFF, AND THUS, HE HOPES, NEUTRALIZE IT AS A POLITICAL ISSUE,

11. THERE IS SUFFICIENT POLITICAL AMMUNITION IN WHAT FIGUERES SAID, HOWEVER, TO KEEP THE POLEMIC AND THE ISSUE ALIVE-- AND TO EXCERBATE IT. FIGUERES TACITLY ADMITS THAT VESCO IS AN INVESTOR IN THE PRO-FIGUERES MEDIA (PARA 7) AND IN OTHER ACTIVITIES. HE STATES AGAIN THAT HE SUPPORTS VESCO. THESE ADMISSIONS CAN ONLY HURT FIGUERES' POSITION IN HIS PARTY, ESPECIALLY AMONG THE YOUNGER LEADERS WHOSE SUPPORT FIGUERES NEEDS DESPERATELY IN HIS BID TO RUN FOR PRESIDENT AGAIN.

12. WITH A HEALTHY RESPECT FOR FIGUERES' POLITICAL PROWESS, EMBASSY IS OF VIEW THAT THE FIGUERES/VESCO

ISSUE WILL NOT GO AWAY EASILY, MORE THAN EVER THE
VESCO/FIBUERES RELATIONSHIP CONTINUES TO BE THE PRIME
EXAMPLE OF CORRUPTION THAT FIGUERES, THE PLN, AND THE
ODUBER GOVERNMENT HAVE PERMITTED TO THRIVE IN COSTA RICA.
IT IS THE ISSUE THAT THE OPPOSITION WILL NOT AND CANNOT
GIVE UP ON. IT IS ALSO THE ISSUE THAT THE OPPOSITION WILL NOT
AND CANNOT GIVE UP ON, IT IS ALSO THE ISSUE THAT WILL CONTINUE
TO TROUBLE THE PLN DEEPLY, AND CONTRIBUTE MOST
SIGNIFICANTLY TO THE INTERNAL DIVISION IN THE PARTY TODMAN UNQUOTE

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